



MICHIGAN LOTTERY RETAILER - PERFORMANCE REQUIREMENTS - CLUB GAMES

1. The Retailer's license shall be revoked if the Retailer has an unapproved lapse in operation that exceeds 30 calendar days.
2. The Retailer shall pay the fees set by the Lottery for communication equipment installation (telephone line), or other requirements determined by the Lottery. Fees are established in accordance with Lottery Rules and may be modified by the Lottery at any time. Retailers will be provided advance written notice of any fee changes.
 - a. Communication Equipment (telephone line) Fee -
 - 1) \$420.10 for installation of telecommunication service for a Club Keno Lottery terminal.
 - 2) \$100 per month for an approved "inactive" (Keno equipment is not used for a period of 30 days or more) status for Club Keno.
 - b. Delinquency Fee - \$200 This fee may be assessed by the Lottery each time a Retailer is delinquent.
3. Club Keno Retailers will be required to provide (prior to the installation of Lottery equipment) a dedicated circuit with 115 volts, 20 amp., 60 HZ service with an isolated ground that remains on 24 hours per day. The dedicated circuit must have a 4 outlet box that will accommodate 3 prong, "U" grounded type plugs. The Lottery reserves the right to require a retailer to obtain certification of a dedicated electrical circuit from a qualified electrician. All installation and ongoing costs for this service will be the responsibility of the Retailer. The outlet shall be located within five feet of the terminal. The Retailer shall provide sufficient space for the operation of the equipment.
4. Retailers must not be delinquent in settling accounts with the Lottery.
 - a. A Retailer's selling privileges may be suspended upon determination that the Retailer is delinquent for any settlement.
 - b. Retailers are expected to promptly "make good" a delinquency by remitting a cashier's or certified check to the Lottery for the full amount of the delinquency plus any delinquency fee. A fee may be assessed for each delinquency in accordance with the fee schedule in effect. Currently, a delinquency fee of up to \$200 may be assessed by the Lottery each time a Retailer is delinquent.
 - c. A Retailer who fails to promptly "make good" a delinquency shall be subject to license revocation.
 - d. A Retailer who exceeds the established number of delinquencies within six consecutive months shall be subject to license revocation.
 - e. Specific definitions of terms:
 - (1) Delinquent Retailer: A Retailer who fails to have sufficient good, available funds in the financial institution account at the time the Lottery attempts to electronically withdraw the Retailer's settlement, or who fails to settle an invoice issued by the due date of the invoice.
 - (2) Good, Available Funds: Unrestricted funds credited to a Retailer's account that a financial institution will release for payment of an EFT. Unrestricted funds do not include checks placed on hold by the financial institution until they have cleared the maker's account or deposited checks that the maker's financial institution has returned unpaid. Any cash alternative settlement methods (such as line of credit, overdraft protection, a pre-approved loan, or any other arrangements) agreed upon with your bank are the Retailer's responsibility. If a settlement is not honored by your bank, regardless of the reason, the Lottery will consider it a delinquency.

(3) Waiver of Delinquency: A Retailer may not be considered delinquent if:

- (a) An EFT return occurs the first week that an EFT is attempted against a newly established EFT account; or
- (b) The Retailer has notified the Lottery of a robbery resulting in the loss of funds and has provided a copy of the police report; or
- (c) An EFT is returned because of a verifiable financial institution error. Documentation shall include:
 - 1) Letter from a financial institution officer.
 - 2) A deposit ticket (both sides) showing cash was deposited into the proper account.
 - 3) Monthly statement showing daily balances.

- 5. Club Keno Minimum Performance - Club Keno Retailers are expected to maintain an established sales level. Retailers will be notified in advance once such levels are determined. Failure to meet the requirements may result in minimum performance fees or equipment removal.
- 6. Failure to meet the performance requirements or the terms and conditions of the Contract shall result in disciplinary action depending on the nature and severity of the violation. When the severity of a violation warrants equipment removal and/or license revocation, the Retailer may request a conference with the Commissioner or the Commissioner's designee. At this informal conference, the alleged violation shall be reviewed with the Retailer. The Retailer shall have the opportunity to refute the alleged violation or to explain the reasons for the violation. The Retailer will be notified in writing of the Commissioner's decision.